

INFORMATION BULLETIN #13

SALES TAX

JUNE, 2002

DISCLAIMER: Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information, which is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUBJECT: Application of Indiana Retail Sales Tax to Newspaper Publishers

REFERENCES: IC 6-2.5-5-17, 45 IAC 2.2-5-8, 45 IAC 2.2-5-9, 45 IAC 2.2-5-10, 45 IAC 2.2-5-26

I. Newspaper Exemption

Indiana law provides an exemption from the state gross retail tax for transactions involving the sale of newspapers. For purposes of the state gross retail tax, the term "newspapers" shall mean only those publications which are:

1. Commonly understood to be newspapers;
2. Circulated among the general public;
3. Published at stated short intervals;
4. Entered or are qualified to be admitted and entered as second class mail matter at a post office in the county where published.

Publications which are primarily devoted to matters of specialized interest such as business, political, religious, or sporting matters may qualify as newspapers if they also satisfy the aforementioned criteria.

Magazines are not construed to be newspapers. The retail sales of all magazines and periodicals are subject to the sales tax. The sale of magazines

by subscription are subject to sales tax without regard to the price of a single copy and sales tax must be collected by the seller from the person who subscribes to the magazine on the full subscription price.

II. Newspaper Insert Exemption

For purposes of the State gross retail tax, the term "newspapers" shall include advertising inserts. Advertising inserts shall mean only those publications which are:

1. Produced for a person by a private printer and delivered to the newspaper publisher, OR
 - Produced and printed by a newspaper publisher, OR
 - Produced and printed by a person and delivered to the newspaper publisher, AND
2. inserted by the newspaper publisher into the newspapers and distributed along with the newspapers.

Any distribution not meeting the above test does not qualify for the newspaper insert exemption. Examples of items distributed with a newspaper that would not qualify for the newspaper insert exemption; gum, shampoo, detergent samples.

III. Display Space

Sales of classified or display advertising space in a newspaper is not subject to sales tax.

IV. Sales through a Syndicated Column

Sales tax on tangible personal property sold through a syndicated column for which the newspaper acts only as a forwarding agent must be collected by the seller; however, the newspaper is not required to collect the sales tax. If the newspaper acts as an agent for the seller, or if the payment is made directly to the newspaper rather than to the seller, the newspaper must collect and remit sales tax on all such sales of tangible personal property.

V. Manufacturer's Exemption

Indiana law also provides an exemption from the state gross retail tax for transactions involving purchases of machinery, tools, and equipment which are directly used in the direct production of tangible personal property, and for purchases of materials directly consumed or directly incorporated in direct production.

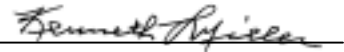
Tangible personal property purchased to be used, consumed, or incorporated directly in the direct production of newspapers is offered exemption on the same

basis as is the purchase of tangible personal property used, consumed, or incorporated in any other manufacturing or production.

Production of the newspaper is considered to begin at the point at which news is gathered and ends with the packaging of the newspaper. Cameras, darkrooms or supplies used to take photographs; computers or other equipment used to record stories; equipment used to transmit or receive copy are considered to be used directly in the direct production of the newspapers.

VI. Application for Free Newspapers

The aforementioned information is also applicable to transactions involving free newspapers.

A handwritten signature in cursive script, reading "Kenneth L. Miller", is written over a horizontal line.

Kenneth L. Miller
Commissioner